

COVER SHEET TO HORMEL FOODS CORPORATION SHORT-TERM HOG PROCUREMENT AGREEMENT

Hormel Foods Corporation
1 Hormel Place
Austin MN 55912-3680

Producer: _____

Address: _____

Phone No.: _____

**THIS DOCUMENT IS A LEGAL CONTRACT BETWEEN
HORMEL FOODS CORPORATION AND YOU.**

READ YOUR CONTRACT CAREFULLY. This cover sheet provides only a brief summary of your contract. This is not the contract and only the terms of the actual contract are legally binding. The contract itself sets forth, in detail, the rights and obligations of both you and us. **IT IS THEREFORE IMPORTANT THAT YOU READ YOUR CONTRACT CAREFULLY.**

MATERIAL RISK DISCLOSURE STATEMENT

Please carefully consider the following risk factors in addition to your personal animal husbandry skills, management skills, experience and knowledge before signing this contract.

SWINE PRODUCTION RISKS

- Raising swine for profit depends on many factors. Performance under the terms of this contract does not ensure that you will make a profit. Your profitability is affected by numerous factors. Such factors include, but are not limited to, your own animal husbandry and management skills, herd health, adverse weather conditions, and catastrophic loss of facilities or hogs on account of factors beyond your control.
- You bear all risks of production of market hogs until delivery to our plant and acceptance of hogs by us. Such risks include, but are not limited to, poor farrowing rates, diseased or injured hogs, death loss, poor feed conversion, and sort loss.
- You are required to comply with any change in the Pork Quality Assurance Program of America's Pork Producers and any HACCP program established by us. The requirements of such programs may be more stringent than the current Level III requirements of the Pork Quality Assurance Program.

FINANCIAL RISKS

- This contract is not a "cost plus" contract. This means that you are not assured of covering all of your costs of operation, or of earning a profit, by performing in accordance with the contract terms.
- This contract requires you to supply all of your market hogs to us for the duration of the contract. This may turn out not to be the most beneficial way for you to market your hogs.
- Financing of construction or operation of your swine facilities may exceed costs anticipated by you.

REGULATORY RISKS

- You are responsible for obtaining all necessary permits to legally construct and operate your facilities. Failure to obtain such permits may result in enforcement actions being taken against you by regulatory agencies.
- You are responsible for properly storing, handling and disposing of manure from your facilities. You are exposed to liability for any manure spills or contamination caused by improper storage, handling or disposal.
- Your hogs may be quarantined or destroyed by animal health or other regulatory agencies if the hogs are found to be diseased.
- You are responsible for disposal of all dead hogs. You could be exposed to liability if you fail to properly dispose of all dead hogs.